

# Daily Dairy Report

Vol. 14, No. 1 / January 4, 2010

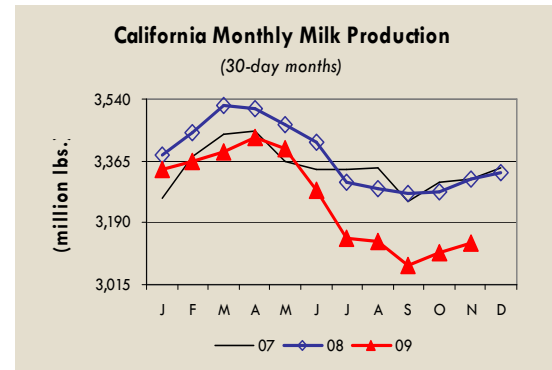
## Milk production rebounding seasonally

The first day of trading for the new year did not begin with much fanfare. Trading in block cheese remained active with 3 loads changing hands at a steady price. Barrel price increased 0.25¢ to \$1.4325 on an unfilled bid. Butter and nonfat dry milk prices remained steady with 2 loads traded in butter.

Milk futures continued to erode with FEB-DEC contracts losing an average of 7¢. The JAN contract increased 8¢ attempting to remain in line with the underlying cash. At the close, futures for 2010 average \$15.28 which is 27¢ below USDA's average estimate for the year.

Milk production is increasing seasonally across the country. Production in California has rebounded the past two months, but still remains significantly lower than the past two years (see chart). Milk production in Wisconsin has been just the opposite with monthly production consistently higher all year.

Buyers are now assessing butter demand following the holidays before re-entering the market. Retail buyers indicated good sales during the fourth quarter, stimulated by feature activity and lower prices in comparison to previous years according to the USDA's *Dairy Market News*. **cme group**



For more information about real-time quotes, visit [www.cmegroup.com/dairyquotes](http://www.cmegroup.com/dairyquotes)

## FUTURES & OPTIONS VOLUME AND OPEN INTEREST →

### Futures Volume and Open Interest

	Volume	Open Interest
Class III [123 Pit, 1424 Electronic]	1547	27,773
Class IV	0	4
NDM (cash settle)	28	433
Dry whey	27	1,959
Butter (cash settle)	3	3,135

### Options Volume and Open Interest

	Volume	Open Interest
Class III	1365	43,903
Class III midi	0	257
NDM (cash settle)	0	9
Dry whey	0	416
Butter (cash settle)	0	107

Futures and options volume and open interest from previous trading day.

**SPOT PRICES** (with change, in cents, from previous day): Block cheese \$1.4500 (NC) • Barrel cheese \$1.4325 (+0.25) • AA Butter \$1.3275 (NC) • NDM Extra Grade \$1.4000 (NC) • NDM Grade A \$1.3700 (NC) **MILK PRICES** (with change, in dollars, from previous month): December Class III milk (USDA) \$14.98 (+\$0.90) • Dec. Class IV milk (USDA) \$15.01 (+\$1.76)

## January 4 Trading Activity

	Class III Futures				Class III Options Calls		Class III Options Puts		Dry Whey Futures		NDM Futures		Butter Futures – Cash settle	
	Settle (\$)	chg. (¢)	volume	open interest from previous day	Settle (\$)	chg. (¢)	Settle (\$)	chg. (¢)	Settle (¢)	chg. (¢)	Settle (¢)	chg. (¢)	Settle (¢)	chg. (¢)
JAN 10	14.30	+8	14	2	14.50 @ 0.07	NC	14.25 @ 0.13	-6	37.750	NC	129.500	NC	134.250	NC
FEB	13.70	-19	13	9	13.75 @ 0.34	-11	13.50 @ 0.27	+6	38.250	NC	128.500	NC	141.000	NC
MAR	14.32	-17	14	9	14.50 @ 0.45	-10	14.25 @ 0.50	+7	39.500	+1.000	127.500	NC	145.000	-0.250
APR	14.66	-11	14	7	14.75 @ 0.60	-7	14.50 @ 0.56	+4	38.250	+0.250	124.500	NC	147.500	-0.500
MAY	15.02	-13	15	5	15.25 @ 0.64	-8	15.00 @ 0.74	+5	37.000	NC	124.500	NC	149.000	-0.250
JUN	15.53	-5	15	8	15.75 @ 0.74	-4	15.50 @ 0.83	+2	39.750	+1.250	125.250	NC	152.250	-0.300
JUL	15.95	-1	15	6	16.00 @ 0.91	-1	15.75 @ 0.83	NC	38.520	NC	128.000	NC	154.500	-0.500
AUG	15.94	-5	15	9	16.00 @ 0.98	-3	15.75 @ 0.91	+2	39.250	+1.250	123.000	NC	155.500	NC
SEP	16.10	-1	16	1	16.50 @ 0.90	-1	16.00 @ 1.02	NC	36.750	+0.250	126.500	NC	157.000	NC
OCT	16.06	-1	16	7	16.25 @ 1.05	-1	16.00 @ 1.10	NC	37.000	NC	122.000	NC	160.000	-1.000
NOV	15.86	-1	15	7	16.00 @ 1.10	-2	15.75 @ 1.11	NC	36.250	+1.250	117.000	NC	163.000	NC
DEC	15.89	-3	15	2	16.00 @ 1.17	-2	15.75 @ 1.14	NC	35.250	+0.250	117.000	NC	165.000	NC

The Daily Dairy Report is published by **Alan Levitt**. Please forward to others that may benefit from this information. To subscribe visit [www.dailydairyreport.com](http://www.dailydairyreport.com).

Disclaimer: The *Daily Dairy Report* is intended solely for information purposes and is not to be construed, under any circumstances, by implication or otherwise, as an offer to sell or a solicitation to buy or trade any commodities or securities whatsoever. Information is obtained from sources believed to be reliable, but is in no way guaranteed. No guarantee of any kind is implied or possible where projections of future conditions are attempted. Futures trading is not suitable for all investors, and involves the risk of loss. Past results are no indication of future performance.

CME Group is the trademark of CME Group, Inc. The Globe logo, Globex® and CME® are trademarks of Chicago Mercantile Exchange, Inc. CBOT® is the trademark of the Board of Trade of the City of Chicago. NYMEX, New York Mercantile Exchange, and ClearPort are trademarks of New York Mercantile Exchange, Inc. COMEX is a trademark of Commodity Exchange, Inc. Copyright © 2009 CME Group. All rights reserved.